

**COMMITTEE ON GOVERNMENT REFORM  
SPECIAL PANEL ON POSTAL REFORM AND OVERSIGHT  
CONGRESSMAN JOHN M. MCHUGH, CHAIRMAN**



**MEDIA ADVISORY**

**FOR IMMEDIATE RELEASE**

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**SPECIAL PANEL ON POSTAL REFORM AND OVERSIGHT TO CONSIDER NEED  
AND PROSPECTS FOR REFORM OF THE U.S. POSTAL SERVICE  
Panel Begins Work on First President-Backed Reforms in More Than 30 Years**

*How must the postal industry adapt to ongoing changes in communication technology?  
What reforms are needed to keep the Postal Service operating as a viable entity?  
How must the Postal Service prepare for upcoming changes required by the Postal Civil Service  
Retirement System Funding Reform Act of 2003?*

**WASHINGTON, D.C.** (Jan. 26)

**WHAT:** House Government Reform Committee, Special Panel on Postal Reform and Oversight Hearing: "Answering the Administration's Call for Postal Reform"

**WHEN:** Wednesday, January 28, 2004, 2 p.m.

**WHERE:** Room 2154, Rayburn House Office Building

**WITNESSES:**

**Brian C. Roseboro**, Acting Under Secretary for Domestic Finance, U.S. Department of the Treasury

**S. David Fineman**, Chairman, U.S. Postal Service Board of Governors  
[accompanied by **The Honorable John E. Potter**, Postmaster General of the U.S.]

**George A. Omas**, Chairman, U.S. Postal Rate Commission

**The Honorable David M. Walker**, Comptroller General of the United States, U.S. General Accounting Office

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## ***BACKGROUND:***

The United States Postal Service (USPS) is the center of an \$871 billion industry employing nine million workers nationwide and representing more than eight percent of the Gross Domestic Product. This industry is in trouble and requires reform legislation to prevent a meltdown.

Mail volume has declined during each of Fiscal Years 2001, 2002, and 2003. Conversely, the number of addresses to which the Postal Service delivers has increased by 5.2 million during the same three-year period. Online bill paying, the anthrax mailings, and the sluggish national economy of the post-9/11 era are other factors that have contributed to the Postal Service's declining revenues. Overall, the Postal Service has lost \$2.3 billion in the last three years. Under the Postal Service's 30-year-old legal framework, the only response to declining volume and revenue is larger and more frequent rate increases, contributing to what GAO has called a "death spiral."

The creation of an escrow account by the Postal Civil Service Retirement System Funding Reform Act of 2003 makes passage of postal reform legislation urgent. Beginning in 2006, the Act requires USPS to collect and place into escrow funds equivalent to the amount saved due to the Act. Without a change, the Postal Service will be required to file a rate case in late 2004, raising rates an additional 5.4 percent (on top of whatever rate increases are necessary to fund their operations) in order to fund this escrow account.

### **President's Commission**

On July 31, 2003, the President's Commission on the Postal Service released its recommendations for maintaining the viability of the Postal Service. Roughly half of these require legislative changes, and most of the recommendations concern issues addressed in earlier Postal Reform proposals. New issues raised by the Commission include reform of the collective bargaining process and legislative changes making it easier to close post offices and processing centers. In addition, the Commission recommended that the Postal Service not be responsible for funding the portion of CSRS employees' pensions that are attributable to their prior military service.

### **Administration Recommendations**

On December 8, 2003, President Bush met with members of the President's Commission on the Postal Service. Later that day, the Department of the Treasury released five principles that should guide Congress's effort to reform the Postal Service. Those principles are:

- **Implement Best Practices:** Ensure that USPS's governing body is equipped to meet the responsibilities and objectives of an enterprise of its size and scope.
- **Transparency:** Ensure that important factual information on USPS's product costs and performance is accurately measured and made available to the public in a timely manner.
- **Flexibility:** Ensure that USPS's governing body and management have the authority to reduce costs, set rates, and adjust key aspects of its business in order to meet its obligations to customers in a dynamic marketplace.
- **Accountability:** Ensure that a USPS operating with greater flexibility has appropriate independent oversight to protect consumer welfare and universal mail service.
- **Self-Financing:** Ensure that a USPS operating with greater flexibility is financially self-sufficient, covering all of its obligations.

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### **Other Special Panel Hearings**

This hearing is the first of three to be conducted by the Special Panel for Postal Reform and Oversight. The Panel will hold a hearing in Chicago, Illinois on February 5 to hear testimony given by leaders of postal labor and management groups. On February 11, chief executives of USPS clients and competitors will testify before Panel Members.

### ***ABOUT THE SPECIAL PANEL ON POSTAL REFORM AND OVERSIGHT:***

The House Government Reform Committee's Special Panel on Postal Reform and Oversight is charged with helping reform the outdated postal system, currently mired in almost \$15 billion of debt and in the midst of the biggest overhaul since it became an independent government entity under the Postal Reorganization Act of 1970.

The panel is chaired by Rep. John M. McHugh (R-NY), and will work closely with the nine-member commission appointed by President Bush. Rep. McHugh and the panel will report directly to Government Reform Committee Chairman Tom Davis, making postal reform a full committee issue.

Other Committee members appointed to the panel are: Reps. Dan Burton (R-IN) Edward L. Schrock (R-VA), Candice Miller (R-MI), Tim Murphy (R-PA), Marsha Blackburn (R-TN), Danny K. Davis (D-IL), Major R. Owens (D-NY), Edolphus Towns (D-NY) Carolyn B. Maloney (D-NY), and Wm. Lacy Clay (D-MO).

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